

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

December 10, 2002

IN RE:

PETITION OF ON-SITE SYSTEMS, INC. TO AMEND ITS
CERTIFICATE OF CONVENIENCE AND NECESSITY

DOCKET NO.
02-00781

ORDER APPROVING PETITION OF ON-SITE SYSTEMS, INC.
TO AMEND ITS CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

This matter came before Director Deborah Taylor Tate, Director Pat Miller, and Director Ron Jones of the Tennessee Regulatory Authority (the "Authority"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on November 4, 2002 to consider the Petition (the "Petition") of On-Site Systems, Inc. ("On-Site") to amend its Certificate of Public Convenience and Necessity ("CCN") to expand its service area to include an area known as The Highlands in Sevier County, Tennessee.

Legal Standard for Granting CCN

On-Site's Petition was made pursuant to and was considered in light of the criteria for granting a CCN as set forth in Tenn. Code Ann. § 65-4-201, which provides, in pertinent part:

- (a) No public utility shall establish or begin the construction of, or operate any line, plant, or system, or route in or into a municipality or other territory already receiving a like service from another public utility, or establish service therein, without first having obtained from the authority, after written application and hearing, a certificate that the present or future public convenience and necessity require or will require such construction, establishment, and operation, and no person or corporation not at the time a public utility shall commence the construction of any plant, line, system or route to be operated as a public utility, or the operation of which would constitute the same, or the owner or operator thereof, a public utility as defined by law, without having first obtained, in like manner, a similar certificate

Background

On April 4, 1994, On-Site received a CCN in Docket No. 93-09040 from the Tennessee Public Service Commission to provide wastewater service to the Oakwood Subdivision in Maury County. Since that time, through various other dockets, On-Site has been granted approval to expand its service territory to include other areas in Tennessee.

Petition to Amend CCN

On July 15, 2002, On-Site filed its Petition to amend its CCN to expand its service area to include The Highlands. A map showing the area to which On-Site proposes to extend service is attached to its Petition. In its Petition, On-Site states that neither Sevier County nor the City of Gatlinburg has the desire or ability to provide wastewater service to The Highlands. With its Petition, On-Site submitted a letter dated June 26, 2002 from Larry Waters, County Executive for Sevier County, stating that the County has no plans to provide service to the proposed territory within the next twelve (12) months. In addition, On-Site submitted a letter dated June 5, 2002 from Elmer Williams, Utility Manager for the Gatlinburg Utility Department, stating that Gatlinburg has no immediate plans to extend sewer services to the proposed territory.

On-Site filed a rate schedule with its Petition in this docket which states that residential rates for The Highlands will be as follows:

Total monthly charge	\$35.11
Non-payment fee	5% of monthly charge
Disconnection fee	\$10
Reconnection fee	\$15
Returned check fee	\$20
Access fee	\$84/year

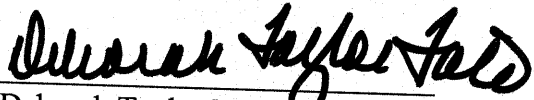
This rate schedule comports with the rate schedule for On-Site approved by the Authority in Docket No. 99-00393. On-Site did not file commercial rate schedules in this docket. On-Site

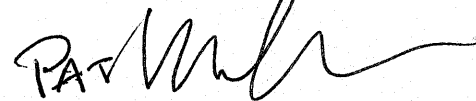
states that the proposed service area will include only residential service.

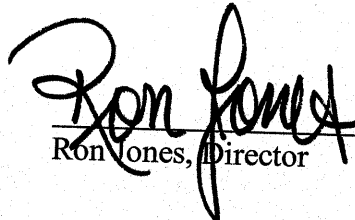
Upon consideration of the Petition and the entire record, the Authority finds that the present and future public convenience and necessity require the approval of On-Site's Petition. Pursuant to Tenn. Code Ann. § 65-4-201, the Directors of this voting panel voted unanimously to grant On-Site's Petition.

IT IS THEREFORE ORDERED THAT:

1. The Petition of On-Site Systems, Inc. to amend its Certificate of Public Convenience and Necessity to expand its service area to include an area known as The Highlands in Sevier County, Tennessee, as shown in the map attached to the Petition, is approved.
2. On-Site's rates for wastewater service to The Highlands shall be as listed in the rate schedule filed with On-Site's Petition and as set forth in this Order.


Deborah Taylor Tate, Director


Pat Miller, Director


Ron Jones, Director